

CREDIT HANDOUT
Addresses Of Credit Reporting Agencies

Experian National Consumer Assistance Center
P.O. Box 2002
Allen, TX 75013

Equifax Information Services, LLC
P.O. Box 740241
Atlanta, GA 30374

TransUnion LLC
Consumer Disclosure Center
P.O. Box 1000
Chester, PA 19022



CREDIT HANDOUT

Credit Reports

Credit Reports are designed to reflect fair, accurate and relevant information about your credit history. Credit reports are often used to determine your eligibility for credit cards, mortgages, insurance, loans, employment and apartment rentals. Credit reporting agencies play an important role in assembling, evaluating and distributing credit reports. It is very important to be knowledgeable about the information that is contained in your credit report.

Credit Reports contain:

- Personal information, including your name, address, social security number and date of birth
- Employment information, including your occupation, employer and length of time you have worked at your job.
- Credit information, including a list of your creditors, payment histories and account information.
- Public Record information, including judgments, liens and bankruptcies

How do I obtain my credit report?

You can obtain copies of your credit report by contacting the three major credit reporting agencies to which creditors subscribe: Equifax (800-685-1111), Trans Union (800-916-8800) and Experian (888-397-3742). Under Massachusetts's law, you are entitled, upon request, to one free copy of your credit report per calendar year from each credit reporting agency. Obtain reports from all three agencies because their information is not necessarily the same.

Who else can obtain my credit report?

A credit reporting agency can provide your credit report: 1) to you; 2) in response to a court order; or 3) to a third party in connection with any of the following situations:

- Establishing your ability to pay child support
- Someone with a "legitimate business need" for your credit report
- Employment
- A credit transaction (loan, mortgage, credit card, etc.),
- Underwriting of insurance
- A real estate transaction (an apartment lease, for example)

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Credit Reports (Continued)

How long does information remain on my credit report?

Adverse information remains by law on your credit report for different lengths of time. In most cases, as required by the federal Fair Credit Reporting Act and Massachusetts law, time limits apply to the reporting of adverse information on your personal credit history. There are no time limits for how long positive information may remain on your credit history.

A credit reporting agency can report the following adverse information:

- Suits and judgments: up to 7 years from date of entry or until the statute of limitations has expired; whichever is longer
- Paid tax liens: Up to 7 years from date of final payments
- Accounts placed for collection or "charged off": up to 7 years
- Other adverse information: Up to 7 years

IMPORTANT: By law, the above time limits DO NOT apply to credit reports used in connection with: 1) credit transactions involving \$50,000 or more; 2) life insurance policies with a face amount of \$50,000 or more; 3) jobs paying an annual salary of \$20,000 or more. However, according to their representatives, credit reporting agencies typically do not keep information on file any longer than it would appear on your credit report.

How do I dispute inaccurate information on my credit report?

You are entitled to dispute inaccurate and incomplete information on your credit report. Once notified, a credit reporting agency must investigate free of charge and record the current status of the disputed information within 30 business days. Inaccurate information must be deleted. If you disagree with the results of the agency's investigation, you can file a statement of up to 100 words explaining your position. Credit reporting agencies must include this statement in future credit reports.

The above information, adapted from Consumer Credit Counseling Service of Southern New England, should be understood to be a general discussion of the subject matter and does not constitute a legal opinion.



CREDIT HANDOUT

Credit Repair Basics

Unfortunately, in the United States, a person's credit rating can have a huge effect on a person's life. A poor credit score can hinder your ability to qualify for a credit card, or even worse, prevent a family from buying a home or car. So, if your credit score is not what it should be because of your past financial mistakes, what can you do to fix bad credit?

1. **REMEMBER:** *There is no miracle cure to fix bad credit.* There are many credit repair services, which advertise on the Internet, in magazines and newspapers that make a profit from other people's mistakes. For a fee, these companies promise to expunge your past financial mistakes from your credit file forever. Without doing something completely illegal, those companies may improve your credit rating, but they will not be able to erase any past financial blunders. And they also won't make any changes to your file that you can't make yourself, *for free.*
2. **OBTAIN AT LEAST ONE COPY OF YOUR CREDIT REPORT** from one of the three major credit bureaus in the U.S. (Equifax, Experian and Trans Union). They can be contacted in writing, via the phone or Internet.
3. **CONFIRM THAT ALL INFORMATION ON THE REPORT IS CORRECT.** You don't want to add to your problems by having even more negative remarks on your credit report. To change an incorrect item, or repair a bad credit mark, begin by contacting the credit department of the company to which the payment violation occurred. Have all the proper documentation prepared to answer any questions the collection agent may ask of you. Start by explaining your situation and inquire about their process to amend a credit remark. Depending on the severity of payment violation, some collection agents/ supervisors have the authorization to amend remarks to credit reports – all you have to do is ask. Document any phone calls or mailings you send out by notating in who you spoke with, date and time. See the handout "Sample Letter Requesting Correction" for help.
4. **BE PATIENT.** Remember that the saying, "time heals all wounds" applies not only to broken hearts, but to credit ratings as well. Let time pass while keeping up with all mortgages, credit card payments, and any other expenditures on your monthly budget. Slowly build good credit while the old credit fades into your past and this will help fix bad credit on your part. Be patient and do what you can on a daily basis to make a difference in your financial future, because what you do today will someday be your credit history.

CREDIT HANDOUT

What to Look for In a Secured Credit Card

A secured credit card is similar to a regular (i.e. unsecured) credit card. It allows the holder to make purchases, get cash advances, etc. The difference is that a secured credit card requires a deposit or a savings account to be established with the card company in order for the credit line to be activated. The savings account deposit can range from a few hundred dollars to a few thousand dollars, and can represent 50% to 100% of the holder's credit line.

Is there a catch? Well... yes and no. There are many legitimate secured credit cards available to the public, however there are also many scams that prey on the finances of people who already have enough credit problems.

Here are some things to look for in a secured credit card:

- Most important, always read a credit card contract thoroughly and understand what you're getting into.
- Beware of offers that require registration or information via a 900#. Most legitimate credit card applications can be submitted to the company via a hard copy application, a toll free phone number or on the Internet, and will not charge an applicant for a 900# phone call.
- Beware of credit cards that require an application fee or an annual service fee. There are many credit cards available that do not require either.
- Many secured credit cards will pay you interest on your savings account, as they should – it's your money they're holding!
- Many credit companies will actually give your deposit back, once you've established a good credit history with them and proven that you are able to pay your bills responsibly.
- Does the credit company report the one of the three major credit bureaus in the United States? If you're trying to repair/rebuild your credit, you want to make sure that the credit bureaus are aware of the good progress that you're making when you make payments on time or in full.
- As always, if an offer sounds too good to be true, it probably is. Go with your gut feeling and do your research!

CREDIT HANDOUT Sample Dispute Letter

Date

Your Name
Your Current Address
City, State Zip

Complaint Department
Credit Bureau Credit Information Services
Their Address
City, State Zip Code

Dear Sir/Madam:

I am writing to dispute the following information in my file. The items I dispute also are circled on the attached copy of the credit report I received.

The lien filed on 02/95 and bankruptcy filed 10/94 are inaccurate because I never had a lien or bankruptcy filed. I am requesting that these items be deleted to correct the information.

Please investigate these matters and delete the disputed items as soon as possible.

Sincerely,

Your Name

Enclosures: Credit report

Adapted from FDIC MoneySmart Curriculum



CREDIT ACTIVITY SHEET

Credit Card Rates

Most credit cards charge an 18.9% APR (annual percentage rate), which means that you pay 18.9% interest to the credit card company every year. That amount of interest can really add up. Most of us have seen ads for other banks with special deals that offer lower interest rates after you pay an annual fee. Is this a better deal than the credit card with an 18.9% APR but no annual fee? This exercise will help you find out.

1. Think of something that you pay for regularly each month (food, electricity, etc) and estimate how much you spend on it every month. Amount spent each month:
\$ _____
2. Multiply that amount by 12 to find how much you spend in a year. Amount spent yearly:
\$ _____
3. Say you charge this much money to your credit card yearly, and your credit card has an APR of 18.9%. Besides paying back the money you've charged, you also have to pay 18.9% interest. To find how much interest you have to pay yearly to the credit card company, take the amount you spend yearly and multiply it on your calculator by .189. That's how much extra you are paying in interest to the credit card company each year.

Amount paid in interest each year: \$ _____

Some credit card companies offer much lower interest rates but have an annual fee. Would switching to a credit card with this sort of deal save you money? A typical credit card company with this sort of deal might charge a 10% interest rate, but have a \$35 annual fee along with it. Let's use this as test case.

1. Write the amount of money you are charging yearly to the credit card (same as #2 above): \$ _____
2. Now multiply that number by .10. The number you get is 10% of the amount you're charging. This is how much interest you are paying yearly to the new credit card company. Amount paid in interest yearly: \$ _____
3. Now take that amount and add \$35, which is the annual fee. Total: \$ _____

Which is more, this answer or the amount that you would pay to a credit card with an 18.9% APR?

CREDIT ACTIVITY SHEET Letter Requesting Credit Report

Date: _____

Dear Credit Reporting Agency:

I am writing to request a copy of my credit report. I understand that as a resident of Massachusetts, I am entitled to one free copy of my credit report each year. Below you will find the information needed to process my request.

Full Name (include initials): _____

Current Address: _____

City, State, Zip: _____

Phone Number: _____

Previous Address: _____

City, State, Zip: _____

Social Security Number: _____

Date of Birth: _____

Maiden Name: _____

Mother's Maiden Name _____

Thank you very much for your prompt attention to this very important matter.

Sincerely,

Signature



CREDIT HANDOUT

How to Read Your Credit Report

*(adapted from Consumer Credit Counseling
http://www.ccsoc.org/pages/credit_guide)*

Once you've obtained a copy of your credit report, you'll be able to see what your creditors are saying about you. There's just one problem -- credit reports can be a little confusing. In the following paragraphs you'll find a step-by-step explanation of how to read and interpret each section of your credit report. If you have a problem understanding the contents of your credit report, you should contact Consumer Credit Counselors.

I.D. Section

Here you'll find identifying information like your:

- name
- current address
- social security number
- date of birth
- spouse's name (if applicable)

Easy, right? But don't just skim over this section. Read all the entries to make sure everything is correct. One bad piece of information and the credit history listed on your report could be wrong.

Credit History Section

This is the meat of the report. It contains a list of your open and paid credit accounts and indicates any late payments reported by your creditors. Although it may seem a little tedious, it's essential that you read through this section very thoroughly. If you find any information that is incorrect or accounts that don't belong to you, you'll need to submit a dispute letter to the credit-reporting agency.

The basic format for the credit history section is as follows:

- **Company Name** - identifies the company that is reporting the information.
- **Account Number** - lists your account number with the company.
- **Whose Account** - Indicates who is responsible for the account and the type of participation you have with the account. Abbreviations may vary depending on the reporting agency but here are some of the most common:
 - I - Individual
 - U - Undesignated
 - J - Joint
 - A - Authorized User
 - M - Maker
 - T - Terminated
 - C - Co-maker/Co-signer
 - S - Shared

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How to Read Your Credit Report (Continued)

- **Date Opened** - This is the month and year you opened the account with the credit grantor.
- **Months Reviewed** - Lists the number of months the account history has been reported.
- **Last Activity** - Indicates the date of the last activity on the account. This may be the date of your last payment or last charge.
- **High Credit** - Represents the highest amount charged or the credit limit. If the account is an installment loan, the original loan amount will be listed.
- **Terms** - For installment loans, the number of installments may be listed or the amount of the monthly payments. For revolving accounts, this column is often left blank.
- **Balance** - Indicates the amount owed on the account at the time it was reported.
- **Past Due** - This column lists any amount past due at the time the information was reported.
- **Status** - A combination of letters and numbers are used to indicate the type of account of the timeliness of payment. Abbreviations for the type of account are as follows:
 - O - Open
 - R - Revolving
 - I - Installment
 - Abbreviations for Timeliness of Payment varies among agencies. Numbers are used to represent how current you are in your payments. Current or paid as agreed is usually represented by 0 or 1. Larger numbers (up to 9) indicate that an account is past due.
- **Date Reported** - Indicates the last time information on this account was updated by your creditor.

Collection Accounts Section

If you've had any accounts referred to collection agencies in the last seven years, this is where they will be reported. The name of the collection agency will be listed along with the amount you owe and, in some cases, their contact information. If a collection is listed on your report that doesn't look familiar to you, contact the credit bureau and submit a dispute letter. For your own piece of mind, you may also want to contact the collection agency to determine the nature of the account. Here's why.

- **You may find out that the collection account is NOT yours.** Perhaps it belongs to someone whose name or social security number is very similar to yours. If this is the case, ask the collection agency to acknowledge this fact in writing. They should send a copy of the letter to you AND the credit reporting agency so that the mistaken information can be cleared from your report.
-
- **You may find out that the collection account IS yours.** If so, it is in your best interest to determine the accuracy of the amount of the collection account and make arrangements to satisfy your obligation as quickly as possible. Once the collection account has been paid, you should request a letter from the collection agency to this effect. Again, make sure the credit reporting agency gets a copy of the letter so that they can list the account as paid.

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How to Read Your Credit Report (Continued)

Courthouse Records Section

This section may also be referred to as Public Records. Here you'll find a listing of public record items (obtained from local, state and federal courts) that reflect your history of meeting financial obligations. These include: bankruptcy records, Tax liens, Judgments, Collection accounts, overdue child support (in some states)

Look closely at all the information listed here. If anything is mistaken, contact the credit bureau and submit a dispute letter.

Additional Information

This section consists primarily of former addresses and past employers as reported by your creditors.

Inquiry Section

Contains a list of the businesses that have received your credit report in the last 24 months. If you find the names of businesses that sound unfamiliar, you should find out who they are and why they're looking at your credit! The credit-reporting agency may be able to help you with contact information. **Remember, only companies that have received your written authorization should be able to check your credit history.**

Time information is retained The length of time that information remains in your file varies. Credit and collection accounts will be reported for 7 years from the date of the last activity with the original creditor. If you've filed a Chapter 7 or Chapter 11 bankruptcy, this information will be reported for 10 years from the date filed. All other courthouse records will be reported for 7 years from date filed.

CREDIT HANDOUT

The Cost of Making the Minimum Payment

Item	Price	APR	Interest	How Much You Really Pay	Total years to Pay Off
TV	\$500	18%	\$439	\$939	8
Computer	\$1,000	18%	\$1899	\$2,899	19
Furniture	\$2,500	18%	\$6,281	\$8,781	34

This chart assumes you are not making additional purchases and you are making payments on time.

Original Balance	APR	Monthly Payments	Total Number of Monthly Payments	Total Years to Pay Off	Total of Payments
\$2500	18%	Minimum	404	34	\$8,781
\$2,500	18%	\$50	94	8	\$4,698
\$2,500	18%	\$100	32	3	\$3,163

CREDIT ACTIVITY SHEET

Would You Use Credit?

QUESTION	ANSWER	REASON
Would you use credit to buy appliances, furniture, or other things for your home?		
Would you use credit to pay overdue bills?		
Would you use credit to buy gasoline or food?		
Would you use credit buy a home or pay for a college education?		
Would you use credit instead of cash or checks to make several purchases in one store?		
Would you use credit to purchase something that costs \$8.50?		
Would you use credit to purchase something on sale?		
Would you use credit if you couldn't save enough money to buy something you wanted?		
Would you use credit to pay for a vacation?		
Would you use credit to make a purchase even if you could pay cash?		

ROAD MAP TO AVOIDING CREDIT HAZARDS



Economic Empowerment Program
2002 Edition, Copyright 1998 Women's Institute for Housing and Economic Development

CREDIT HANDOUT Fair Debt Collection

Federal and state laws together limit what a creditor may do in an attempt to collect a debt. In Massachusetts, similar rules and regulations apply to a creditor's own debt collection employees and to an outside collector with whom a creditor may contract to collect certain debts.

What is a collector supposed to do when first contacting me?

A collector's first Contact with you may be by phone, but within five days of that contact a written notice must be sent to you that identifies the name of the creditor, the amount of the debt, and what you should do to dispute the debt's validity.

What should I do if I disagree about the debt's validity?

A creditor whose employee is trying to collect money from you should provide reasonable documentation to verify the validity of the debt, at your request. A collection agency should obtain documentation from the creditor who hired it, also at your request. Failure to provide reasonable verification should be reported to the proper authorities.

Can a collector contact anyone but me?

A collector is not permitted to disclose or imply the existence of a debt to anyone not a party to the debt itself. Conduct is limited by the collector's knowledge of where you live or work. If a collector calls you at home or your workplace, a third party cannot be told the purpose in trying to reach you is connected to a debt. A collector may not contact you at your place of employment if you have requested in writing that such contact not be made.

If a collector does not know where you live, the law allows contact with third parties, like your neighbors, in an effort to determine your location. Identification as a collector or providing the name of the company is not allowed unless the person receiving the call expressly requests that information. Even then, a collector working for a creditor, as opposed to an outside collection agency cannot identify the company as the ABC Bank - or XYZ Department Store - Collection Department. If you are represented by a lawyer, all communication must be with your attorney.

How often can a collector contact me at home?

A collector may contact you at home between 8 a.m. and 9 p.m., unless otherwise informed that you have different normal waking hours. This may be done no more than twice in any seven (7) - day period for any one account. Messages left with a third party or on an answering machine do not count toward this total.

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Fair Debt Collection (Continued)

Can a collector come to my home?

A collector may visit your home not more than once in every 30-day period but may not enter your home unless expressly invited to do so. Home visits for the purpose of repossessing collateral or property do not count toward this limit. As above, a collector may only visit your home between 8 a.m. and 9 p.m. unless otherwise informed you have different normal waking hours.

Can a collector come to workplace or contact me at work?

No, unless you request such a visit, or the creditor is repossessing collateral or property of the creditor. A collector may not contact you at work more than twice in a 30-day period for any one account.

What can a collector do if I cannot be contacted at home or work?

You have an obligation to respond responsibly to legitimate collection activity; even if it is to tell the collector not to contact you at all. If you wish a collector to stop contacting you, you must write a letter requesting this. The collector is required by law to honor your request; except to inform you of specific further action that will be taken, and then only if the intention is to initiate such action.

What other practices are prohibited?

Generally speaking, a creditor may not: discuss the debt with anyone not liable on the account; falsely misrepresent an affiliation with a government agency; use or imply threats of violence or harm to any person, property, or reputation; use obscene or profane language; make any false statements; indicate that papers being sent to you are legal documents when they are not, or that they aren't when they are; indicate any action will be taken (including legal action) when it is not intended authorized or legal; Contact you by postcard or by using an envelope that implies the existence of a debt; ask you for a post-dated check, or publish or threaten to publish your name on a list of debtors.

Where should I report violations of these regulations?

The activities of a creditor's own collection staff are subject to the regulations of the state Attorney General's office. Debt collectors who contact Massachusetts consumers must be licensed by The Massachusetts Commissioner of Banks, whether they are located in the Commonwealth or not. You can make reports to the Attorney General ((617) 727-8400) or Commissioner of Banks ((617) 727-3145). Give them as much information and documentation about the violation as you can.

The above information, adapted from Consumer Credit Counseling Services of Southern New England, should be understood to be a general discussion of the subject matter and DOES NOT constitute a legal opinion about your particular situation. For further information or advice, consult a qualified attorney.